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February 25, 2004

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TWB-204  
Washington, DC 20554

Re: Notice of Oral Ex Parte Communication, In the Matter of Review of  
Petition for Forbearance From the Current Pricing Rules for the  
Unbundled Network Platform, WC Docket No. 03-157

Dear Ms. Dortch:

Yesterday, David Lawson and the undersigned, representing AT&T, met with Tamara Preiss, Steve Morris, Julie Saulnier and Jeremy Marcus to discuss AT&T's opposition to the above-referenced proceeding and to point out the myriad of ways in which the Petition is legally and factually fatally flawed. The points made at the meeting are outlined in the attached presentation.

AT&T also offered specific evidence to rebut the oft-repeated but empirically unsupported claim that the UNE-platform offers CLECs wide profit margins. An analysis completed by AT&T in October 2002, based on tariffed rates and approved UNE prices current as of August 9, 2002, demonstrates that the average GROSS margin available to a CLEC relying on UNE-P at that time was approximately \$9.17 or 32%. The gross margin analysis represents only the sum of the revenues related to the provision of local service to an average customer minus the external costs associated with serving the customer using a UNE-platform. The analysis does NOT take into consideration any internal expenses associated with the provision of service including, but not limited to, marketing, customer acquisition, billing or customer care. The analysis is further broken down by state demonstrating that the gross margin available from state to state varies quite widely. This type of disciplined analysis clearly proves

that broad assertions about profit margins are both uninformed and misleading and that such assertions can provide no evidentiary basis for the type of relief requested in this petition.

Consistent with Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the above-referenced proceedings.

Sincerely,

A handwritten signature in black ink, appearing to be 'JM' followed by a long horizontal line.

Joan Marsh

cc: Tamara Preiss  
Steve Morris  
Julie Saulnier  
Jeremy Marcus

## **VERIZON'S UNE-P FORBEARANCE PETITION IS MERITLESS**

- \* The Petition is not a forbearance petition at all – it seeks promulgation of an entirely new set of pricing and use restriction rules without troubling with a NPRM.
- \* Because VZ is essentially seeking new rules, its does not even bother to identify the specific existing rules that should no longer be enforced.
- \* Verizon essentially seeks resale pricing for the UNE-P – an approach that wholly abandons the Congressional mandate that UNE prices shall be “based on cost.”
- \* Verizon also essentially asks the FCC to find that UNE-P is really sham unbundling – a claim that has been legally foreclosed repeatedly and by numerous courts, and that the FCC itself has rejected in each of its decisions to grant Section 271 relief.
- \* The requirements of Section 251(c) and 271 have NOT been fully implemented, which effectively bars the request for forbearance.
- \* VZ has not even remotely met its burden of proving that this request satisfies the three section 10(a) criteria for forbearance.
- \* The fact is that VZ can afford to invest whenever and where ever it chooses -- its business has been described by Business Week as “one of the great cash machines of Corporate America.” BellSouth and SBC for their part recently went on a wireless spending binge with a \$41B all cash offer for AT&T Wireless.

**VZ'S REQUEST FOR A NEW RULE PROHIBITING CLECS  
USING THE UNE-P FROM PROVIDING ACCESS SERVICES IS  
NEITHER LAWFUL NOR GOOD PUBLIC POLICY**

\* VZ and other ILECs have the duty to provide to any requesting carrier nondiscriminatory access to network elements “for the provision of a telecommunications service.” Access services are telecommunications services. This conclusion is neither ambiguous nor disputable. The plain meaning of the statute dictates that CLECs are entitled to purchase UNEs for the purpose of offering exchange access service to their local service customers, and, of course, to retain the revenues from providing that service.

\* Allowing VZ to collect both UNE charges and access charges for the same facilities would guarantee over-recovery of VZ's costs in the form of an explicit, non-competitively neutral subsidy:

TELRIC UNE prices are developed by the states pursuant to a direct grant of authority in Section 252 to represent the full, unseparated cost of the UNE, and these rates are not to be discriminatory.

Pursuant to the empirical facts presented in cost studies examined by the states, the developed UNE rates are generally NOT usage sensitive. Indeed, states are routinely requiring the use of fixed UNE port charges to recover switching costs. On the other hand, the Commission's price cap rules allow recovery of access expense through largely usage-based exchange access charges.

If a CLEC leases switching and loop UNEs from VZ at current UNE prices, it compensates VZ for all forward-looking costs of those facilities. If VZ were also allowed to collect current exchange access charges in connection with that customer's LD service, it would result in indisputable double recovery.

\* If this is the approach the Commission wants to pursue, then it must radically restructure UNE switching and loop cost recovery mechanisms in the TELRIC proceeding. Furthermore, it would have to develop some sort of pseudo jurisdictional separations methodology to ensure that UNE prices, interstate access and intrastate access do not duplicatively recover costs that

are associated with different jurisdictions. CLECs cannot lawfully be assigned the full cost of the loop or the switch if a portion is to be assigned to the incumbent who would be providing the exchange access service and collecting revenues associated with those services.

\* Failure to decrease the UNE prices by some new pseudo-separations mechanism to avoid double-recovery will provide the ILEC with an explicit, non-competitively neutral subsidy. Such a rate would be deemed discriminatory and would violate both 252 and 271.

**ALLOWING ILEC'S TO COLLECT ACCESS CHARGES  
WILL RESULT IN DOUBLE RECOVERY, EVEN IF  
PER MINUTE SWITCHING CHARGES ARE VOIDED**

Non-loop UNE-P fees generally are a combination of fixed unseparated switch port charges and per-minute fees for various usage related elements such as switching, transport, DUF, signaling, etc. In some states, some portion of transport, DUF and signaling charges may be flat-rated unseparated amounts. Finally, some states have moved to a full flat-rated approach to switching charges.

Interstate access fees, on the other hand, consist of fixed line-port costs of the switch (that are now generally collected out of the EUCL), plus per-minute charges for switching usage, per-minute charges for common transport and tandem usage, and fixed charges for dedicated transport and entrance facilities. Intrastate access fees generally mirror the interstate structure, but there may be distinct differences. For example, some states continue to charge things like RICs, TICs, etc.

If the FCC were to attempt to grant Verizon's request, it would essentially be required to unscramble the current unseparated UNE-P fees into separated (a) local UNE-P, (b) interstate access; and (c) intrastate access cost recovery. This would be an extremely difficult task. For example, current UNE tariffs for switching in the major states collect roughly 50% of total switching cost through fixed port charges, and 50% through per-minute rates. By contrast, interstate access tariffs generally collect 90% of interstate switching cost through per-minute rates, and only about 10% through common line rates.

Any rough substitution of the access per-minute rate for UNE per-minute rates, without adjustment, will produce a significant double recovery for the ILEC. To avoid such a double recovery, one would need either to adjust the UNE rate downward to reflect the higher per-minute cost recovery in the access tariff or adjust the access rate to reflect the portion of total switch costs that are recovered in the UNE rate (or potentially both).

Moreover, because rate structures for UNEs, interstate access and intrastate access vary from state to state, each jurisdiction would have a complete it own separations analysis to implement VZ's proposal. Indeed,

because each state has a somewhat unique rate element structure for UNEs, the FCC would need to develop separately for each state (and in some states, for each zone within the state) an adjustment factor for interstate access rates as well as for any correspondingly required reductions in state-regulated UNE rates. This would no doubt require Joint Board participation and possibly pre-emption of the existing state UNE rates and application rules.

There will also be additional complicating factors in many states, particularly those where none of the switch-related costs are being recovered by usage charges but rather are being recovered by a combination of flat per line charges for port and features. Indeed, the FCC just recently ordered a flat rated approach in Virginia. If the FCC's decision in Virginia was designed to fully compensate VZ for the costs associated with the switch, it simply cannot now allow VZ to recover additional fees through access revenues without creating an illegal subsidy. Indeed, in several states, current per-minute access charges are less than per-minute UNE switch charges. Presumably, the Commission would then need to order access or UNE rate additives in order to achieve VZ's objective of raising access revenues from CLEC UNE-P customers.

Finally, it is unlikely that the complications associated with VZ's proposal can be limited just to non-loop charges. As noted earlier, EUCL and CCL charges not only recover common line costs, but also recover portions of switching costs. To the extent that VZ's proposal is a request to substitute access rates for all access associated network elements, EUCL, CCL and UNE loop rates (which are developed on a zone basis) would need adjustment as well.

**NEITHER SECTION 251(C) NOR SECTION 271  
HAS BEEN “FULLY IMPLEMENTED”**

\* Section 10 of the Act provides that the “Commission may not forbear from applying the requirements of section 251(c) or 271 . . . until it determines that those requirements have been fully implemented.”

\* To implement means “to carry into effect, fulfill, or accomplish.” Sections 251(c) and 271 will be fully implemented therefore only when the desired effect is produced: the creation of ubiquitous and permanent local competition where the incumbents no longer control bottleneck facilities.

\* That is simple not true today for a host of reasons: (1) the final rules that will implement the duties and obligations of Section 251(c) are not currently in effect; (2) the key cost principles that are used to determine prices for network elements are the subject of an ongoing Commission rulemaking proceeding; (3) state commissions have yet to fully apply or implement that new rules enunciated in connection with the Triennial Review; and (4) local competition remains nascent, with no reason to believe that it will ever become robust or fully effective if the Commission now pulls the plug on cost-based UNE-P.

\* VZ’s attempts to argue otherwise are meritless:

(1) TELRIC and UNE-P are requirements of Section 251(c) and 271 because they are part of the Commission’s regulations implementing those sections of the Act. The Commission’s rules are clearly authoritative interpretations of the Act’s requirements.

(2) It is also wrong that once a carrier receives long distance authority in a given state, that the requirements of Section 251(c) and 271 have been “fully implemented.” If that were correct, the very grant of 271 authority would provide basis for the immediate elimination of all the Act’s market-opening requirements and promptly return the Bell Company to an unregulated world in which they would enjoy an absolute monopoly. Indeed, if the Commission were to eliminate cost-based UNE-P, it would be eliminating the very basis for its grant of 271 relief in all states.



**VERIZON HAS NOT SATISFIED ANY OF THE  
THREE CRITERIA OF SECTION 10**

- Section 10 of the Act requires Verizon to show that it has satisfied the three separate criteria for forbearance in Section 10 (a). Verizon has satisfied none of them.
- Section 10 (a) (1) requires Verizon to show that the regulation is not necessary to ensure that charges are just and reasonable and nondiscriminatory. Only cost-based UNE rates satisfy these criteria and Verizon's substitute proposals for UNE pricing (resale rates) and access are not cost based and therefore would be unlawful.
- Section 10 (a) (2) requires Verizon to show that the regulation is not necessary to protect consumers. Cost based pricing under TELRIC rules is essential to protect consumers from unjustified rate increases, particularly where a single supplier retains control of a monopoly bottleneck. Verizon's "stimulation of investment" argument has been discredited both in theory and practice and provides no protection.
- Section 10 (a) (3) requires that Verizon show forbearance is in the public interest. Forbearance would result in non-cost based increased prices (the very reason Verizon filed this Petition) and reduced competition and would thereby harm the public interest.



# **UNE-P vs. 271 LD Entry:**

***What's the real tradeoff for the RBOCs?***

**September 24, 2002**

# Key steps for telecom policy

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- Create competitive local telecom markets through:
  - Wholesale markets for unbundled network elements (251)
  - Priced at competitive compensatory levels (252)
- Allow previous local monopolists into long distance markets (271)
- Phase out regulation of retail services
- Provides a win-win-win solutions for ILECs, CLECs and customers

# Complexities of revenue estimation

Component	Definition	Our data source(s)	Common estimation errors
Basic local \$13.78	Rate paid for line rental and local usage -- typically combined as 1FR	CCMI rates mapped to WC and rolled up by UNE zone	Figures that include business revenue with residence or reflect only high-end local service bundles
Features \$6.86	Revenues from sale of vertical features (e.g., Caller ID, Call Waiting, etc.) -- either as explicit separate charges or implicit within "Total Service" bundles	Study area estimate per HH from TNS Telecoms Bill Harvesting database	Figures that reflect only high use bundles or assume excessive "take" rates; inclusion of nonUNE-related features (ISW, VM)
Subsidies \$0.67	State and Federal USF subsidy payments as well as CALLS-related subsidy payments	Regulatory filing documents	Ignored, measured by collections rather than receipts, or entitlement not consistently associated with particular zone
SLC \$5.51	Interstate (and, occasionally intrastate) access end user charges -- typically to support loop costs	Analysis of TRP data	Intrastate may be neglected
Access \$1.99	Access revenue from unaffiliated IXCs or access savings (relative to UNE rates) enjoyed by affiliated IXCs	AT&T's estimate of access rates and TNS Telecoms Bill Harvesting derived toll minutes	Including business usage and/or dedicated transport
Total \$28.81	Sum of above components		Top-down figure that includes revenues not related to residential local service

# Complexities of UNE-P cost estimation

Element	Definition	Common estimation errors	Examples of quirky practices
Loop \$13.29	Network Interface Device (NID), Distribution, FDI/DLC, Feeder	Use of UNE-L rate rather than UNE-P rate; use targeted zone rate or rates averaged across zones based on distribution of total lines rather than residence lines	Some Qwest states have multiple loop rates within a WC. Many BLS states have different rates for UNE-L loops vs. UNE-P loops.
Port/features \$2.06	Line connection to the switch and feature capability	Failure to include feature costs in port rate (flat or per-feature)	Texas applies 4 different port rates as a function of the number of lines in the local calling area served by the switch. CA charges \$0.19 extra per feature. Many BLS states have higher rates for ports with features (e.g., FL additive is \$2.26)
Switch Usage \$3.42 (figure includes transport and signaling charges)	Call attempt and holding time charges for the switch including trunk ports	Understated usage level and/or level not specific to the state	CA has 3 sets of set-up and duration charges for intraswitch, interswitch and terminating usage. Many VZ states apply 2 switching charges on intraswitch minutes.
Interoffice transport and signaling	Common transport, tandem switching and signaling	Ignored or understated	Signaling may be incorporated in switching rate
Daily Usage Feed/Files (DUF) \$0.50	Transmittal of information regarding usage data	Very difficult to measure, often ignored or understated	Based on number of usage records, rate and number of records may differ by call type
Miscellaneous \$0.06		White pages and OSS charges in some states -- invariably overlooked	
Nonrecurring costs \$0.30	Charges for new customer migration or install	Ignored or selected rate element inconsistent with customer mix	Rate structures very complex and idiosyncratic
<i>Total UNE-P</i> \$19.63			

# Wholesale costs and revenues

Wholesale Costs of UNE-P to CLECs	Loop	Port	Usage	DUF	Misc	Amort of NRC	Total UNE-P
All RBOCs	\$13.29	\$2.06	\$3.42	\$0.50	\$0.06	\$0.30	\$19.63
BellSouth	\$15.14	\$2.33	\$3.69	\$1.72	\$0.00	\$0.18	\$23.07
Qwest	\$16.30	\$1.43	\$5.08	\$0.13	\$0.18	\$0.75	\$23.87
SBC	\$11.33	\$2.09	\$2.18	\$0.23	\$0.00	\$0.24	\$16.07
Verizon	\$13.49	\$2.10	\$4.32	\$0.18	\$0.14	\$0.28	\$20.51

Revenues Gained from Sale of UNE-P by CLECs	Basic	Features	Subsidies	SLC	Access	Total	Gross Margin	
							(\$)	(%)
All RBOCs	\$13.78	\$6.86	\$0.67	\$5.51	\$1.99	\$28.81	\$9.17	32%
BellSouth	\$13.29	\$8.90	\$0.88	\$6.00	\$1.20	\$30.26	\$7.19	24%
Qwest	\$14.41	\$7.00	\$0.45	\$5.75	\$2.13	\$29.74	\$5.86	20%
SBC	\$12.80	\$6.55	\$0.89	\$4.98	\$1.91	\$27.12	\$11.05	41%
Verizon	\$15.33	\$5.75	\$0.28	\$5.83	\$2.64	\$29.83	\$9.32	31%

All rates used in this presentation are current as of 8/9/02

# All RBOC post-271 Res analysis

	Total RBOC	BellSouth	Qwest	SBC	Verizon
Total Residential lines	84,547,824	16,937,608	10,459,763	34,341,186	22,809,266
<b>Residential UNE-P Economics</b>					
Retail revenue	\$28.81	\$30.26	\$29.74	\$27.12	\$29.83
Avoided retail cost	\$4.21	\$4.37	\$3.37	\$4.04	\$4.74
Net retail revenue loss	\$24.60	\$25.90	\$26.37	\$23.09	\$25.09
Wholesale UNE-P revenue	\$19.63	\$23.07	\$23.87	\$16.07	\$20.51
Lost margin per UNE-P line	\$4.96	\$2.83	\$2.50	\$7.02	\$4.58
UNE-P Res lines @ 15%	12,682,174	2,540,641	1,568,964	5,151,178	3,421,390
Annual margin lost from UNE-P	\$755,059,777	\$86,169,746	\$47,032,846	\$433,865,468	\$187,991,717
<b>Residential RBOC LD Economics</b>					
Retail revenue @ \$0.12	\$11.63	\$11.97	\$10.49	\$11.69	\$11.80
Incremental cost @ \$0.05	\$4.84	\$4.99	\$4.37	\$4.87	\$4.92
Gained margin per Res LD line	\$6.78	\$6.98	\$6.12	\$6.82	\$6.88
LD Res lines @ 30%	25,364,347	5,081,283	3,137,929	10,302,356	6,842,780
Annual margin gained from LD	\$2,064,101,561	\$425,696,161	\$230,439,930	\$842,909,710	\$565,055,760
<b>Net UNE-P + LD Margin Change</b>	<b>\$1,309,041,784</b>	<b>\$339,526,416</b>	<b>\$183,407,083</b>	<b>\$409,044,242</b>	<b>\$377,064,043</b>

# All RBOC UNE-P vs. LD entry tradeoff

Data: All RBOCS	Post-271 Total
Total Residential lines	84,547,824
Lost margin per UNE-P line	\$4.96
Gained margin per Res LD line	\$6.78

## Change in Net Margin Earned by the RBOCs (\$ Millions)

		Share of Residence Long Distance Gained by RBOC									
		10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Share of Residence Lines Retained on UNE-P	10%	\$185	\$873	\$1,561	\$2,249	\$2,937	\$3,625	\$4,313	\$5,001	\$5,689	\$6,377
	20%	(\$319)	\$369	\$1,057	\$1,745	\$2,433	\$3,121	\$3,809	\$4,498	\$5,186	\$5,874
	30%	(\$822)	(\$134)	\$554	\$1,242	\$1,930	\$2,618	\$3,306	\$3,994	\$4,682	\$5,370
	40%	(\$1,325)	(\$637)	\$51	\$739	\$1,427	\$2,115	\$2,803	\$3,491	\$4,179	\$4,867
	50%	(\$1,829)	(\$1,141)	(\$453)	\$235	\$923	\$1,611	\$2,299	\$2,987	\$3,675	\$4,363
	60%	(\$2,332)	(\$1,644)	(\$956)	(\$268)	\$420	\$1,108	\$1,796	\$2,484	\$3,172	\$3,860
	70%	(\$2,836)	(\$2,148)	(\$1,460)	(\$771)	(\$83)	\$605	\$1,293	\$1,981	\$2,669	\$3,357
	80%	(\$3,339)	(\$2,651)	(\$1,963)	(\$1,275)	(\$587)	\$101	\$789	\$1,477	\$2,165	\$2,853
	90%	(\$3,842)	(\$3,154)	(\$2,466)	(\$1,778)	(\$1,090)	(\$402)	\$286	\$974	\$1,662	\$2,350
	100%	(\$4,346)	(\$3,658)	(\$2,970)	(\$2,282)	(\$1,594)	(\$906)	(\$217)	\$471	\$1,159	\$1,847



# SBC “economics”

- SBC states that:
  - Its res UNE-P line loss stabilizes at between 15 and 20%
  - It sells LD
    - At prices  $\geq$  IXC rates (or at  $\sim 50\%$  margins), and
    - targets attaining a 60 to 70% market share in 4-5 years
- These statements confirm the highly favorable nature of the UNE-P/LD tradeoff to SBC
- Thus in whole, the TelAct has been a boon to SBC, not a bust

Relative Margin Analysis	SBC
Total Residential lines	34,341,186
<b>Residential UNE-P Economics</b>	
Retail revenue	\$27.12
Avoided retail cost	\$4.04
Net retail revenue loss	\$23.09
Wholesale UNE-P revenue	\$16.07
Lost margin per UNE-P line	\$7.02
UNE-P Res lines @ 20%	6,868,237
Annual margin lost from UNE-P	\$578,487,291
<b>Residential RBOC LD Economics</b>	
Retail revenue @ \$0.12	\$11.69
Incremental cost @ \$0.06	\$5.84
Gained margin per Res LD line	\$5.84
LD Res lines @ 60%	20,604,712
Annual margin gained from LD	\$1,444,988,073
<b>Net UNE-P + LD Margin Change</b>	<b>\$866,500,783</b>

# Conclusions

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- RBOCs reveal that they gain more from LD than lose from UNE-P
  - In many states, RBOC pressure to receive 271 relief has spurred substantial UNE-P rate reductions – frequently as the result of unilateral RBOC price concessions
  - RBOC decisions to pursue 271 shows they believe LD entry to be richer than potential UNE-P losses
  - This is confirmed by our UNE-P/LD margin tradeoff analyses
- Viable UNE markets keep traffic on and investment in RBOC networks

# UNE-P wholesale cost

Holding Company	State	Loop	Port	Usage	DUF	Misc	Amort of NRC	Total UNE-P
Bellsouth	AL	\$15.31	\$2.24	\$2.66	\$1.76	\$0.00	\$0.14	\$22.11
Southwestern Bell	AR	\$14.30	\$1.61	\$2.40	\$0.68	\$0.00	\$0.29	\$19.28
Us West	AZ	\$12.92	\$1.61	\$9.83	\$0.00	\$0.00	\$1.14	\$25.49
Pacific Telesis	CA	\$10.18	\$1.21	\$1.82	\$0.00	\$0.00	\$0.09	\$13.30
Us West	CO	\$16.61	\$1.53	\$3.91	\$0.22	\$0.00	\$0.13	\$22.40
Southern New England	CT	\$11.88	\$3.31	\$6.35	\$0.00	\$0.00	\$0.00	\$21.54
Bell Atlantic	DC	\$10.81	\$1.55	\$3.73	\$0.05	\$0.00	\$0.37	\$16.52
Bell Atlantic	DE	\$12.22	\$2.23	\$5.54	\$0.08	\$0.00	\$1.04	\$21.12
Bellsouth	FL	\$15.85	\$3.43	\$2.57	\$2.52	\$0.00	\$0.15	\$24.52
Bellsouth	GA	\$12.76	\$1.79	\$5.78	\$2.05	\$0.00	\$0.11	\$22.48
Us West	IA	\$16.79	\$1.15	\$4.85	\$0.25	\$1.38	\$0.18	\$24.59
Us West	ID	\$20.90	\$1.34	\$3.93	\$0.21	\$0.00	\$0.18	\$26.56
Ameritech	IL	\$9.80	\$2.11	\$0.61	\$0.08	\$0.00	\$0.08	\$12.69
Ameritech	IN	\$8.33	\$3.13	\$0.95	\$0.00	\$0.00	\$0.01	\$12.42
Southwestern Bell	KS	\$13.78	\$1.61	\$2.58	\$0.70	\$0.00	\$0.23	\$18.90
Bellsouth	KY	\$12.53	\$1.15	\$4.32	\$0.99	\$0.00	\$0.20	\$19.19
Bellsouth	LA	\$16.98	\$1.36	\$5.29	\$0.91	\$0.00	\$0.14	\$24.68
Nynex Svc Co	MA	\$15.33	\$2.00	\$7.30	\$0.00	\$0.00	\$0.09	\$24.71
Bell Atlantic	MD	\$14.94	\$1.90	\$6.49	\$0.09	\$0.00	\$0.19	\$23.62
Nynex Svc Co	ME	\$16.44	\$0.94	\$3.86	\$0.85	\$0.00	\$0.00	\$22.08
Ameritech	MI	\$10.09	\$2.53	\$1.10	\$0.12	\$0.00	\$0.05	\$13.90
Us West	MN	\$18.55	\$1.08	\$4.19	\$0.00	\$0.00	\$0.07	\$23.89
Southwestern Bell	MO	\$15.27	\$1.90	\$2.40	\$0.00	\$0.00	\$0.25	\$19.83
Bellsouth	MS	\$18.30	\$2.55	\$2.95	\$1.61	\$0.00	\$0.27	\$25.69
Us West	MT	\$23.72	\$1.58	\$6.88	\$0.26	\$0.00	\$0.17	\$32.61
Bellsouth	NC	\$14.61	\$2.19	\$4.17	\$0.92	\$0.00	\$0.19	\$22.08
Us West	ND	\$18.25	\$1.27	\$7.31	\$0.36	\$3.49	\$0.18	\$30.86
Us West	NE	\$17.47	\$2.47	\$5.33	\$0.23	\$2.52	\$0.16	\$28.19
Nynex Svc Co	NH	\$18.44	\$0.71	\$3.98	\$0.24	\$0.00	\$0.00	\$23.38
Bell Atlantic	NJ	\$9.52	\$1.91	\$2.10	\$0.37	\$0.00	\$0.33	\$14.24
Us West	NM	\$20.79	\$1.38	\$3.45	\$0.00	\$0.00	\$1.63	\$27.26
Pacific Telesis	NV	\$21.22	\$1.63	\$7.07	\$0.00	\$0.00	\$0.36	\$30.28
Nynex Svc Co	NY	\$12.12	\$2.57	\$2.39	\$0.22	\$0.54	\$0.28	\$18.12
Ameritech	OH	\$8.51	\$3.13	\$1.87	\$0.21	\$0.00	\$0.11	\$13.84
Southwestern Bell	OK	\$15.87	\$2.28	\$4.10	\$0.72	\$0.00	\$0.26	\$23.24
Us West	OR	\$15.43	\$1.14	\$2.92	\$0.00	\$0.00	\$3.26	\$22.75
Bell Atlantic	PA	\$14.23	\$2.67	\$3.26	\$0.08	\$0.00	\$0.23	\$20.47
Nynex Svc Co	RI	\$14.14	\$1.86	\$3.52	\$0.00	\$0.00	\$0.00	\$19.52
Bellsouth	SC	\$16.72	\$2.80	\$3.34	\$1.76	\$0.00	\$0.28	\$24.89
Us West	SD	\$21.26	\$1.84	\$4.57	\$0.00	\$0.00	\$7.15	\$34.82
Bellsouth	TN	\$14.41	\$1.70	\$2.72	\$1.16	\$0.00	\$0.27	\$20.26
Southwestern Bell	TX	\$14.33	\$2.22	\$3.13	\$0.88	\$0.00	\$0.17	\$20.74
Us West	UT	\$13.15	\$1.58	\$4.07	\$0.13	\$0.00	\$0.09	\$19.01
Bell Atlantic	VA	\$14.74	\$1.30	\$6.37	\$0.08	\$0.00	\$0.59	\$23.09
Nynex Svc Co	VT	\$13.81	\$0.96	\$8.31	\$0.86	\$0.00	\$0.00	\$23.94
Us West	WA	\$14.56	\$1.34	\$3.61	\$0.31	\$0.00	\$0.11	\$19.93
Ameritech	WI	\$10.90	\$3.71	\$2.62	\$0.19	\$0.00	\$3.57	\$20.99
Bell Atlantic	WV	\$26.72	\$1.60	\$16.57	\$0.10	\$0.00	\$0.66	\$45.64
Us West	WY	\$22.95	\$2.64	\$4.18	\$0.25	\$0.00	\$0.17	\$30.20

# UNE-P associated revenue

Holding Company	State	Basic &					Gross Margin	
		Features	Subsidies	SLC	Access	Total	(\$)	(%)
Bellsouth	AL	\$25.32	\$1.72	\$6.00	\$0.85	\$33.89	\$11.78	35%
Southwestern Bell	AR	\$22.94	\$0.63	\$5.27	\$2.46	\$31.30	\$12.02	38%
Us West	AZ	\$21.06	\$0.91	\$6.00	\$1.74	\$29.71	\$4.22	14%
Pacific Telesis	CA	\$15.82	\$2.71	\$4.48	\$2.16	\$25.17	\$11.88	47%
Us West	CO	\$22.74	\$0.49	\$6.00	\$2.13	\$31.36	\$8.95	29%
Southern New England	CT	\$17.03	\$0.03	\$5.78	\$2.52	\$25.35	\$3.81	15%
Bell Atlantic	DC	\$20.15	\$0.00	\$3.86	\$0.00	\$24.01	\$7.49	31%
Bell Atlantic	DE	\$13.77	\$0.08	\$6.00	\$1.13	\$20.98	(\$0.13)	-1%
Bellsouth	FL	\$18.68	\$0.39	\$6.00	\$2.00	\$27.07	\$2.56	9%
Bellsouth	GA	\$26.27	\$0.35	\$6.00	\$0.79	\$33.41	\$10.93	33%
Us West	IA	\$18.04	\$0.00	\$4.72	\$1.85	\$24.61	\$0.03	0%
Us West	ID	\$20.42	\$0.00	\$6.00	\$2.56	\$28.98	\$2.42	8%
Ameritech	IL	\$23.53	\$0.00	\$4.49	\$0.77	\$28.79	\$16.10	56%
Ameritech	IN	\$19.31	\$0.00	\$5.52	\$0.91	\$25.74	\$13.31	52%
Southwestern Bell	KS	\$20.87	\$0.06	\$5.27	\$3.08	\$29.27	\$10.37	35%
Bellsouth	KY	\$24.21	\$0.46	\$6.00	\$0.55	\$31.21	\$12.02	38%
Bellsouth	LA	\$21.91	\$0.42	\$6.00	\$1.00	\$29.33	\$4.65	16%
Nynex Svc Co	MA	\$23.77	\$0.00	\$6.00	\$1.10	\$30.88	\$6.16	20%
Bell Atlantic	MD	\$23.80	\$0.16	\$5.68	\$1.96	\$31.60	\$7.98	25%
Nynex Svc Co	ME	\$20.00	\$0.84	\$6.00	\$0.87	\$27.70	\$5.62	20%
Ameritech	MI	\$24.18	\$0.00	\$5.34	\$1.11	\$30.63	\$16.74	55%
Us West	MN	\$21.82	\$0.00	\$4.89	\$1.36	\$28.07	\$4.18	15%
Southwestern Bell	MO	\$18.27	\$0.13	\$5.27	\$2.51	\$26.17	\$6.34	24%
Bellsouth	MS	\$27.59	\$8.21	\$6.00	\$0.53	\$42.34	\$16.65	39%
Us West	MT	\$23.53	\$2.67	\$6.00	\$4.14	\$36.33	\$3.72	10%
Bellsouth	NC	\$18.21	\$0.00	\$6.00	\$1.11	\$25.31	\$3.23	13%
Us West	ND	\$25.68	\$0.39	\$6.00	\$2.57	\$34.64	\$3.77	11%
Us West	NE	\$27.33	\$0.00	\$5.16	\$1.85	\$34.33	\$6.15	18%
Nynex Svc Co	NH	\$19.64	\$0.15	\$6.00	\$2.27	\$28.06	\$4.68	17%
Bell Atlantic	NJ	\$16.99	\$0.08	\$5.35	\$5.63	\$28.05	\$13.81	49%
Us West	NM	\$19.83	\$0.38	\$6.00	\$5.16	\$31.37	\$4.12	13%
Pacific Telesis	NV	\$14.94	\$0.83	\$5.37	\$2.09	\$23.23	(\$7.05)	-30%
Nynex Svc Co	NY	\$23.47	\$0.17	\$6.00	\$1.95	\$31.58	\$13.47	43%
Ameritech	OH	\$20.78	\$0.00	\$5.38	\$1.06	\$27.22	\$13.38	49%
Southwestern Bell	OK	\$20.66	\$0.32	\$5.27	\$1.36	\$27.62	\$4.38	16%
Us West	OR	\$22.28	\$0.12	\$6.00	\$1.72	\$30.12	\$7.37	24%
Bell Atlantic	PA	\$17.26	\$0.00	\$6.00	\$2.46	\$25.71	\$5.24	20%
Nynex Svc Co	RI	\$18.03	\$0.01	\$6.00	\$1.14	\$25.19	\$5.67	22%
Bellsouth	SC	\$23.33	\$0.54	\$6.00	\$1.77	\$31.64	\$6.74	21%
Us West	SD	\$22.90	\$0.04	\$6.00	\$3.13	\$32.07	(\$2.75)	-9%
Bellsouth	TN	\$22.11	\$0.20	\$6.00	\$0.70	\$29.00	\$8.75	30%
Southwestern Bell	TX	\$19.96	\$0.00	\$5.27	\$3.17	\$28.40	\$7.66	27%
Us West	UT	\$21.38	\$0.15	\$6.00	\$1.92	\$29.45	\$10.44	35%
Bell Atlantic	VA	\$20.88	\$0.39	\$6.00	\$3.21	\$30.48	\$7.40	24%
Nynex Svc Co	VT	\$21.12	\$3.29	\$6.00	\$2.73	\$33.15	\$9.20	28%
Us West	WA	\$18.80	\$0.00	\$5.92	\$2.19	\$26.90	\$6.97	26%
Ameritech	WI	\$20.85	\$0.00	\$5.06	\$0.76	\$26.67	\$5.68	21%
Bell Atlantic	WV	\$35.51	\$4.81	\$6.00	\$2.56	\$48.88	\$3.24	7%
Us West	WY	\$34.33	\$7.68	\$6.00	\$0.81	\$48.83	\$18.64	38%